

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE

Call to Order: By **CHAIRMAN DIANE RICE**, on February 6, 2003 at 4:00 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Diane Rice, Chairman (R)
Rep. Verdell Jackson, Vice Chairman (R)
Rep. Ralph Lenhart, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Norman Ballantyne (D)
Rep. Bob Bergren (D)
Rep. Norma Bixby (D)
Rep. Carol Lambert (R)
Rep. Bruce Malcolm (R)
Rep. Jim Peterson (R)
Rep. Brennan Ryan (D)
Rep. Veronica Small-Eastman (D)
Rep. Frank Smith (D)
Rep. Donald Steinbeisser (R)
Rep. Bill Thomas (R)
Rep. Karl Waitschies (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lisa Gallagher, Committee Secretary
Krista Lee Evans, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape stamp refers to material immediately following.

Committee Business Summary:

Hearing & Date Posted: HB 409, 1/23/2003; HB 455,
1/28/2003
Executive Action: none

HEARING ON HB 409**Sponsor:** REPRESENTATIVE RALPH LENHART, HD 2, GLENDIVE**Opening Statement by Sponsor:*****{Tape: 1; Side: A; Approx. Time Counter: 0 - 13.8}***

REP. LENHART said that Montana is the top producer of organic wheat, and 60% of our wheat is exported to the Pacific Rim. Japan has very stringent rules and regulations when it comes to genetically-engineered foods. The top buyers of Montana's wheat have said that they will not buy genetically-engineered wheat. House Bill 409 will protect Montana wheat by making certain that all the criteria is met before genetically-engineered wheat is introduced. What this bill does is insure that the producer prove that the benefits of raising genetically-engineered wheat outweigh the risks, and also they will not be able to sell the wheat until it is approved by the Department of Agriculture. This bill exempts Montana State University research, for example their test plots. In defining "genetically-engineered" the definition is when it is altered in the lab, and not wheat that has been hybridized. The bill will also place a filing fee and the money will go to the state special revenue fund so eventually the program will pay for itself.

Proponents' Testimony:***{Tape: 1; Side: A; Approx. Time Counter: 14.4 - 18.7}***

Dr. Scott Settle, Settle Ranch Company, submitted an outline of his testimony.

EXHIBIT (agh26a01)

Dr. Robert Wisner, Iowa, said that the final users of any product are the driving force of an industry. Genetically-modified wheat is not a product that the market wants, and many countries have already told us that. Currently there are 36 nations that require food labeling of genetically-modified organisms (GMO). Unless there are beneficial health implications to GMO's the market does not want them. The prices will fall and it will push the prices to feed levels.

Helen Waller, Wheat Farmer, submitted her written testimony and research in regard to GMO's.

EXHIBIT (agh26a02)

Joe Hamill, said that his concerns are with customer satisfaction. The producers need to build consumer confidence, and that is why he supports HB 409.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 2.1}

Elsie Tuss, Wheat and Barley Farmer, submitted her written testimony.

EXHIBIT (agh26a03)

Al Story, Chester, Farmer, said that there is a need for HB 409 for three main reasons. The first is that the Pacific Rim is against genetically-modified wheat. They simple do not want it, and segregation is not possible. The second is the wheat tolerance to roundup ready wheat. The third reason to be against genetically-engineered wheat is that there needs to be support for organic wheat.

{Tape: 1; Side: B; Approx. Time Counter: 5.2 - 7.6}

Dena Hoff, Glendive, said that the international markets need to be protected, and that is what this bill will do. She told a story about a frier who owns a ranch in North Dakota and because their wheat was found to have trace elements of genetically-engineered wheat they lost a contract to sell their wheat to Japan. Their wheat had been contaminated through no fault of their own, but they lost \$10,000.

John Smillie, Program Director Western Organization of Resource Councils, submitted his written testimony.

EXHIBIT (agh26a04)

Wade Sikorski, Fallon County, submitted his written testimony.

EXHIBIT (agh26a05)

Jay Peterson, Billings, said that the Catholic Church has an interest is the research in regards to GMO's, because of the fact that they could feed the hungry. However there are ethical concerns that go along with GMO's. Genetically-modified organisms are full of promise and hope, however on the same hand we must be careful.

Dan Teigen, said that the top importers of Montana wheat will take their business elsewhere if we start producing genetically-engineered wheat. There is a need to take proper precautions otherwise the wheat is only going to be sold as hog feed. The customer is always right, and they do not want this.

Becky Weed, Belgrade, said that it makes no sense to go with genetically-engineered wheat. The consumers care about Montana's identity, and how they produce wheat.

Ralph Paulus, member of Montana Grain Growers Association, submitted his written testimony.

EXHIBIT (agh26a06)

Jim Barngrover, read a letter from Dan McGuire.

EXHIBIT (agh26a07)

Betty Whiting, Montana Association of Churches, said that they are in support of this bill.

Rosemary Love, Rancher, said that she is in support of this bill.

Chris Christiaens, Montana Farmers Union, stated that he is in support of this bill.

Lani Candelora, Montana Catholic Conference, submitted her written testimony.

EXHIBIT (agh26a08)

Opponents' Testimony:

{Tape: 1; Side: B; Approx. Time Counter: 21.4 - 24.8}

Lochiel Edwards, VP Montana Grain Growers Association, submitted his written testimony.

EXHIBIT (agh26a09)

John Youngberg, Montana Farm Bureau, said that he concurred with what Mr. Edwards had to say, and that they feel that this is a national issue and that all the states need to adopt the same standards. He also said that there is only a five percent chance of cross pollination and that is for the crop right next to it.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 3.4}

John Youngberg said that they use genetically-modified products all the time, like insulin, and grapes. This bill is pretty much a ban on genetically-engineered wheat; there is a list of 19 things that need to be met before farmers can produce genetically-engineered wheat. This is a federal issue and it should be handled by them.

Luther Talbert, Montana State University Wheat Breeding, said that this is a pivotal moment, and everyone is concerned about the market. The corn and soybean industry have moved into the

21st century and we are asking the wheat industry to stay in the 20th with this bill.

{Tape: 2; Side: A; Approx. Time Counter: 3.4 - 11}

Ron Ueland, President Western Plant Breeders, submitted his written testimony.

EXHIBIT (agh26a10)

He also handed out "Let the facts speak for themselves," and an article titled, "Toxicologists Label GM Foods Safe."

EXHIBIT (agh26a11)

EXHIBIT (agh26a12)

Arlene Rice, Montana AgBusiness, submitted her written testimony.

EXHIBIT (agh26a13)

Mike DeVries, President Montana Seed Trade Association, submitted his written testimony.

EXHIBIT (agh26a14)

Pam Langley, Montana AgriBusiness, said that they are against this bill. This bill would be a ban against GMO wheat, and this bill goes far beyond roundup-ready wheat. Maine has a similar process and the result is that Maine has no biotech products.

Mark Peterson, Farmer, said that he is opposed to this bill.

Keith Schott, Montana Grain Growers Association, said that the producers are smart enough to realize that if there is no market that they are not going to grow it. Farmers and ranchers are responsible. The federal government already regulates this and there is no reason for the state to double up on regulations.

Curtis Hershberger, Denton, said that Montana needs genetically-engineered crops this will separate us from the rest of the world. That way we can get ahead of the game. This is the future of agriculture and in time this will be a non-issue.

Questions from Committee Members and Responses:

REP. BALLANTYNE asked **Dr. Wisner** what Canada's position on this issue is. **Dr. Wisner** said that Canada is against it and they will not buy it.

REP. BALLANTYNE asked **Dr. Wisner** what happens if the U.S.A. allows this and Canada does not. **Dr. Wisner** said that the customers will go to Canada.

REP. LAMBERT asked **Director Peck** what is your position on the bill. **Director Peck** said that they are watching the progress of this bill and are concerned about the fiscal impact that it might have. The Department of Agriculture has not taken a position on this issue. He said that he cannot speak on behalf of the Department but he can tell you his personal feelings on the bill. He is concerned because he wants farmers to be able to compete but not be restricted. There is a need to protect private property rights and we should not make Montana an island. It is important that we keep Montana open for business but do it correctly.

REP. JACKSON asked **Dr. Scott Settle** if he was a medical doctor. **Scott Settle** said, "No, I have my PHD."

REP. JACKSON asked **Dr. Scott Settle** if there are any side effects to genetically-modified foods. **Scott Settle** said that he only knows of one case where an amino acid that helped people sleep and prevented depression was genetically modified, and it caused hundreds of deaths. It was banned and it ended up costing the company \$70 million.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 4.3}

REP. JACKSON asked **REP. LENHART** if there was a ban until 2005.

REP. LENHART said that Monsanto put in their application on December 19, 2002 and it takes the USDA about eight months to one year to act on that application. Then the USDA either approves it or rejects it, and that is why he said that we could have genetically-modified wheat as early as 2005.

REP. JACKSON asked **REP. LENHART**, "So are you saying that we need to do something before 2005?" **REP. LENHART** said, "Yes, and that is the reason for this bill."

REP. JACKSON asked **REP. LENHART** what we could do that the federal government is not already doing. **REP. LENHART** deferred to **Wade Sikorski** who said that was the subject of his testimony and that the federal government does not look at the markets or the cost of segregation or any other issue that the Montana Department of Agriculture would look at.

REP. THOMAS stated that there is an interesting parallel between the country of origin and how national regulation would affect this. **REP. THOMAS** asked **John Youngberg** what is being done and what is not being done. **John Youngberg** said that there is a House Joint Resolution that urges the federal government to look at this safely. **Director Peck** said that we will not have another corn incident and that the USDA, EPA, and the Department of

Health all are dealing with different issues in regard to this. He said that he does not know the total regulations for each department but we need to compete on the international markets.

REP. MALCOLM asked **Dr. Wisner** what is the economic impact of this bill. **Dr. Wisner** said that there are long-term impacts and short-term impacts and the question that needs to be answered is, "Is this the time?" Short-term impacts are that there might be a premium for what that is not genetically-modified. There might be a change in attitude if we find that there are some health benefits to genetically-modified organisms.

{Tape: 2; Side: B; Approx. Time Counter: 11.7 - 13.8}

REP. ANDERSON asked **Director Peck** if the Department of Agriculture has the ability to protect the wheat producers or if the legislation is necessary to protect them. **Director Peck** said that existing authority does not give the Department of Agriculture any say, and that it would take authority for the testing and enforcing of GMO wheat.

REP. ANDERSON asked **Director Peck** if the Department has the ability to regulate soybeans and corn. **Director Peck** said, "No."

REP. PETERSON asked **Herb Karst, Montana Grain Growers Association**, if this issue would be better solved at the federal level. **Herb Karst** said that the decisions that are made need to be based on sound science.

REP. PETERSON asked **Herb Karst** if he saw this legislation as sending a red flag to the United States. **Herb Karst** said that it was evident by the proponents' testimonies that we are telling our markets that our wheat is not safe, especially if this bill is passed.

REP. RICE asked **Ray Ueland** about a terminator gene that has the ability to sterilize. **Ray Ueland** said that it is not on the market today and that this is a research issue that needs to be looked into.

REP. LAMBERT asked **Director Peck** if there could be a legal issue involved with this. **Director Peck** said that he did not know, but assumes that there could be.

Closing by Sponsor:

{Tape: 2; Side: B; Approx. Time Counter: 19.5 - 24.1}

REP. LENHART said that there were a couple of amendments to go on this bill. The first one would exempt MSU's research from this bill. The second is to clean up the definition of "genetically-modified," to only mean those altered at the cellular or molecular level. He said that there was no intent to leave out private researchers and an amendment could be drafted to fix that. He closed by saying that this is an important bill for the State of Montana, and they could wait for the United States government to take action, but that the Montana Department of Agriculture should be left to handle it.

Exhibit 15 was handed to the secretary at the end of the hearing.
EXHIBIT (agh26a15)

HEARING ON HB 455

{Tape: 3; Side: A; Approx. Time Counter: 0 - 6.4}

Sponsor: **REPRESENTATIVE BOB LAKE, HD 60, HAMILTON**

Opening Statement by Sponsor:

REP. LAKE submitted his written testimony.
EXHIBIT (agh26a16)

Proponents' Testimony:

Barbara Broberg, Women Involved in Farm Economics, stated that they are in support of this bill.

Steve Pilchner, Montana Stock Growers, stated that they are in support of this bill, and this bill is intended to be preventative. It is designed to keep animal disease out of the United States.

{Tape: 3; Side: A; Approx. Time Counter: 6.4 - 8.6}

Ralph Peck, Director of the Montana Department of Agriculture, submitted his written testimony.
EXHIBIT (agh26a17)

Opponents' Testimony: none

Questions from Committee Members and Responses:

REP. LAMBERT asked **Director Peck** how do you find out there might be a specious feed. **Director Peck** said that they have a very

good working relationship with the industry and they do random inspections.

REP. JACKSON asked **Director Peck** what is adulterated feed. **Director Peck** said that it could be feed that is too high in medication and it is not limited to meat. This gives us the authority to enforce standards by the USDA and the FDA.

REP. WAITSCHIES asked **REP. LAKE** if the Department of Agriculture has the right to go in and inspect whatever they want. **REP. LAKE** said that this is a rule that the industry has lived with for decades and the Department needs the right to go in and drawn a sample, and this process works well.

REP. WAITSCHIES asked **Director Peck** if the state might be faced with legal challenges. **Director Peck** said that this language appears in other sections of statute, for example in the commercial nursery and fertilizer plants. This is an enforcement in health issue, and that is the reason why the definition of adulterated feed is used.

{Tape: 3; Side: A; Approx. Time Counter: 18.5 - 20.5}

REP. WAITSCHIES asked **Director Peck** what are the legal aspects. **Director Peck** said that he does not believe that the bounds are being overstepped.

REP. RICE asked **Director Peck** if nutra licks and crystal licks are inspected in commercial feed. **Director Peck** said, "That is correct."

REP. RICE stated that they do a ground mix of barley, corn, hay, nutra licks. **REP. RICE** asked **Director Peck** if they will be inspected now. **Director Peck** said that they could be asked for a random sample.

REP. RICE asked **Director Peck** if the exclusions will just be the individual commodities by themselves, not mixed together. **Director Peck** said, "That is correct."

Closing by Sponsor:

REP. LAKE said that this is a good bill that will protect the industry and the people of Montana.

ADJOURNMENT

Adjournment: 6:30 P.M.

REP. DIANE RICE, Chairman

LISA GALLAGHER, Secretary

DR/LG

EXHIBIT (agh26aad)